

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

WAYNE BALIGA, derivatively on behalf of  
LINK MOTION INC. (F/K/A NQ MOBILE INC.)

1:18-cv-11642

Plaintiff,

-against-

LINK MOTION INC. (F/K/A NQ MOBILE INC.),  
VINCENT WENYONG SHI,  
JIA LIAN,  
XIAO YU,

Defendants,

-and-

LINK MOTION INC. (F/K/A NQ MOBILE INC.),

Nominal Defendant.

**AFFIDAVIT**

Matt Mathison, being duly sworn, deposes and says as follows under penalty of perjury:

1. I am an Official Advisor to the Court-Appointed Receiver. I am familiar with the facts of the case and since my appointment, I have been in direct communication with Link Motion Inc. ("LKM" or the "Company") staff and deeply involved in the day-to-day operations of the Receivership. A true and correct copy of the Receiver's Authorization Letter is attached hereto as **Exhibit A**.

2. Based on my personal knowledge in this matter, the Chairman and CEO of the current LKM operating company in the People's Republic of China ("PRC"), Vincent Wenyong Shi ("Shi"), has taken the following actions since the appointment of the Receiver.

3. In direct violation of the Receivership Order, Shi failed to acknowledge or respond to any of the Receiver's letters and request to communicate in any form, to provide funds to the Receivership, or to turn over the Company chop, financial documents, and business licenses.

4. I have had personal communication with employees, ex-employees and others who are in contact with Shi and who repeatedly say that anytime Shi is confronted about the Receiver and Court Orders, he instructs them to ignore and disregard as the Receiver and the Court have no rights or jurisdiction in this company matter. Shi went as far as to post a message in the public domain via the Company's WeChat and Weibo accounts. Shi's publication, along with its translation, is attached hereto as **Exhibit B**.

5. In response, the Receiver sent a letter to LKM's board of directors in China on March 14, 2019, which triggered the series of illegal activities described below. A true and correct copy of the Receiver's announcement letter is attached hereto as **Exhibit C**.

6. Without the Receiver's authorization, Shi has fired employees and formed a new company to receive revenues for Company applications.

7. The Company has dozens of popular consumer applications with millions of users around the world. Some of the most popular applications include Vault, NQ Mobile Security, Cooling Master, Anti-virus and Virus Cleaner, etc. These applications are downloadable for free and come with various in-app purchasing upgrades. In addition, there are a number of advertising related businesses that generate income for the user traffic and in-app space offered to advertisers. The Company maintains relationships with Google, Facebook, Apple and other related mobile app and advertising companies. The Company hosts these servers and applications through the cloud with its relationships with Amazon Web Services (AWS).

8. Just last week, it came to my attention that Shi forced employees related to the above businesses to resign. He approached some of these employees and told them he wanted to rehire them to continue in their roles with regards to the applications and advertising business under a different name and at a different office location. I learned this information from a former

employee that was in this exact situation. The Email correspondence between the former employee and me is attached hereto as **Exhibit D**<sup>1</sup>.

9. I also learned that the account management and server details were in the process of being migrated away from these existing company accounts to the new company account name effectively stealing future revenues from the Company. *See Exhibit D.*

10. On March 19, 2019, I received an emergency message and call via Wechat from a former director of NQ Mobile, who was very central and an important part of the Company from its pre-IPO days through 2015, and maintains close relationships with many employees.

11. I was told that Shi and a small group of his supporters came into the office and ordered the employees in the Legal, Human Resources, and Accounting departments to assist them in “removing accounting and legal documents, and to help them destroy and damage operating data systems and the company’s main contract management system.” Wechat conversation records with the former director are attached hereto as **Exhibit E** and **Exhibit F**.

12. I was also told that a number of employees resisted and were fired on the spot as a result. The total number of people employed by the Company went from about 30 at the time (80 a month before) to now just around 10. I was provided the names of the individuals who supported Shi and carried out this raid of the Company offices, and photographs of those files that were prepared for removal. I was also provided a record of the company that was hired to move the materials. In sum, Shi’s loyalists raided the Company offices and removed company property and I was told that all employees were hoping the Receiver would help them.

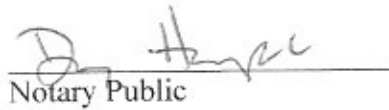
Dated: New York, New York  
March 28, 2019

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<sup>1</sup> For the purposes of ensuring safety of the cooperating Chinese ex-employees, individual names will be redacted from the exhibit. This is also to protect sources, methods, and strategies, and to give the Receiver and the Plaintiffs the best chance of a recovery in this action. If the names are not redacted, it will allow LKM’s local management and power brokers to gain such knowledge and more easily frustrate certain of our planned actions or worse.

  
Matt Mathison

SWORN BEFORE ME ON THIS 28 DAY  
OF MARCH, 2019

  
Notary Public

